



General Assembly
Security Council

Distr.
GENERAL

A/49/835
~~6/1995/72~~
24 January 1995

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-ninth session
Agenda item 39
THE SITUATION IN BOSNIA AND HERZEGOVINA

SECURITY COUNCIL
Fiftieth year

Letter dated 23 January 1995 from the Chargé d'affaires a.i.
of the Permanent Mission of Yugoslavia to the United Nations
addressed to the Secretary-General

I am writing to you concerning the statement made by the Permanent Representative of Germany to the United Nations at the 3487th meeting of the Security Council on 12 January 1995, on the occasion of the adoption of resolution 970 (1995), and, upon instructions of my Government, I have the honour to state the following.

The Federal Republic of Yugoslavia was appalled that the representative of Germany stated that "Serbian nationalism - the ruthless readiness to wage war for more territory - was and continues to be a main cause of this conflict" in the former Yugoslavia.

It is particularly absurd and tendentious that the representative of Germany, a country whose drive for the premature recognition of the secessionist former Yugoslav republics primarily contributed to the outbreak of the civil war in Croatia and Bosnia and Herzegovina, should be putting forward such ill-intentioned and malicious untruths.

Instead of preaching about the alleged role that the Serbian people played in the breakup of the former Socialist Federal Republic of Yugoslavia, Germany would do well to focus on its own grave, well-documented and widely acknowledged responsibility for supporting secessionist tendencies in the former Yugoslavia and striving to recognize the separatist republics for its own self-centred interests.

Contrary to the allegations advanced by the representative of Germany concerning the "Serbian aggression", it is well known that what is happening in some parts of the former Yugoslavia is a civil war, which has been identified as such by both Presidents Clinton and Yeltsin as well as Lord Carrington and many others.

Many world leaders and key decision makers, among others, former United States Secretary of State James Baker, present Secretary of State Warren Christopher as well as the Co-Chairmen of the International Conference on the Former Yugoslavia, have also publicly stated concerning the situation in the former Yugoslavia that Germany bears particular responsibility for the premature recognition of Croatia and Bosnia and Herzegovina which sparked off the civil war.

The notion put forward in the Security Council by the representative of Germany that mutual recognition between all States of the former Yugoslavia at the earliest possible date is an urgent political necessity is also erroneous. Considering that the premature recognition of the former secessionist Yugoslav republics, before the political issues among their constituent nations were resolved, created great bloodshed and atrocities, it would be an act of great political irresponsibility to ask the Federal Republic of Yugoslavia to make the same mistake that has been committed by the international community.

The tone and approach of the representative of Germany towards the Federal Republic of Yugoslavia are equally unacceptable, although Germany may have gotten used to employing such a tone in addressing some other countries and former Yugoslav republics.

It goes without saying that the Federal Republic of Yugoslavia is fully prepared to develop dialogue and cooperation with all countries of the world, including Germany, but it can do so only on the footing of equality and full mutual respect.

I should be grateful if you would have the present letter circulated as an official document of the forty-ninth session of the General Assembly, under agenda item 39, and of the Security Council.

(Signed) Dragomir DJOKIĆ
Ambassador
Chargé d'affaires, a.i.



General Assembly
Security Council

Distr.
GENERAL

A/49/836
S/1995/73
25 January 1995

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-ninth session
Agenda item 51
QUESTION OF CYPRUS

SECURITY COUNCIL
Fiftieth year

Letter dated 25 January 1995 from the Permanent Representative of
Cyprus to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to transmit herewith the text of a statement issued by H.E. the President of the Republic of Cyprus, Mr. Glafcos Clerides, dated 21 January 1995 (see annex).

I should be grateful if the text of the statement would be circulated as a document of the forty-ninth session of the General Assembly, under agenda item 51, and of the Security Council.

(Signed) Alecos H. SHAMBOS
Ambassador
Permanent Representative
of the Republic of Cyprus
to the United Nations



ANNEX

Statement issued by the President of the Republic of Cyprus
on 21 January 1995

1. I have considered with great care the content of the statement issued by the Turkish Cypriot side (see S/1995/62, annex, appendix), which was made on the eve of the visit to Cyprus of Mr. Beattie, the envoy of President Clinton.

2. In order to approach the statement with an open mind, I admonished myself to concentrate on its content and to ignore recent statements made by Mr. Denktash to the effect that the military establishment in Turkey held the view that minimal concessions should be made in order to find a solution to the Cyprus problem, a view which he stated that he shared, and in order to avoid confrontation with the political establishment during the negotiations he was playing for time.

3. My observations on the content of the statement are the following:

(a) With regard to the introductory part of the Turkish Cypriot statement, which alleges that the Turkish Cypriots and the Greek Cypriots are co-owners of the State of Cyprus and that Cyprus is their common home, my comment is that the Cyprus State is not a piece of real estate which is owned either by the Greek Cypriot or the Turkish Cypriot community, but is a State inhabited by 82 per cent Greek Cypriot citizens who belong to the Greek Cypriot community, 18 per cent Turkish Cypriot citizens who belong to the Turkish Cypriot community, by the Maronites, who have been living in Cyprus for centuries, the Latins, and the Armenians who took refuge in Cyprus after their persecution in Turkey. The State of Cyprus is, therefore, the common home of all its citizens;

(b) The Greek Cypriot side accepted and continues to accept that the solution to the Cyprus problem must be found by peaceful means and in order to demonstrate its belief in the peaceful negotiation process and remove suspicions, it proposed that the leaders of both communities should make a solemn declaration that neither community will attack the other and the Government of the Republic should abolish the National Guard, hand all its equipment and weapons to the United Nations, stop purchasing arms, accept United Nations inspection, deposit all money saved from the purchase of arms to a United Nations account to be used for infrastructure works beneficial to both communities and pay the total costs of a numerically increased peace-keeping force, on condition that Turkish Forces would be withdrawn from Cyprus and the Turkish Cypriot Forces would also hand their equipment to the United Nations. Unfortunately the proposal was rejected by the Turkish side;

(c) The Greek Cypriot side accepted since 1977 the agreement made by the late President of the Republic Archbishop Makarios and Mr. Denktash which was reconfirmed by President Kyprianou in 1979, i.e., that the solution to the Cyprus problem would be based on a bi-communal, bi-zonal federation. The Greek Cypriot side continues to accept both these agreements;

(d) The Turkish Cypriot statement attributes the failure to establish a bi-zonal federation, despite the fact that such negotiations started in 1977, to the absence of mutual trust and in support of this view it quotes the report of the Secretary-General of 19 November 1992 (S/24830), which stated that there was a deep crisis of confidence between the two sides, which made it difficult to envisage any successful outcome to the talks for as long as the situation prevailed. The Secretary-General also made other important diagnoses in his report to the Security Council of 30 May 1994 (S/1994/629), i.e., that the absence of progress was owing to the lack of political will by the Turkish Cypriot leadership, and the fact that the Turkish Cypriot side flouted international opinion as expressed in the Security Council.

4. The Turkish Cypriot statement that the Turkish Cypriot side accepts a bi-communal, bi-zonal federation does not amount to much. The stumbling block was never the title of the solution but its content.

5. The Greek Cypriot side accepted what was contained in numerous United Nations resolutions and was repeated on 29 July 1994 in paragraph 2 of resolution 939 (1994), in which the Security Council stated that the Federal Republic must have a single sovereignty. The Turkish Cypriot side insists that the "cantons" must have their own separate sovereignty.

6. The Greek Cypriot side accepted the definition which the Secretary-General gave in his report to the Security Council regarding the meaning of equal political status of both communities, i.e., that it does not mean numerically equal representations of two communities, one of which constitutes 82 per cent of the population and the other 18 per cent, but effective participation. The Turkish Cypriot side insists that equal political status means equal representation, consensus decisions and Presidency by rotation.

7. There are also substantial differences on all other major issues, such as the demilitarization, the treaties of guarantee, the settlers, the territorial and constitutional aspects, the accession of Cyprus to the European Union, etc.

8. The recent informal meeting between Mr. Denktash and myself in October 1994 demonstrated beyond any doubt that the Turkish side is not willing to be flexible on any of the main issues. A repetition, therefore, of talks will only mean a repetition of the same worn-out arguments which both sides know by heart. Furthermore, another failure to make progress on the substance will destroy the credibility of the negotiating process which after many years of repeated failures stands at the bottom level.

9. The Greek Cypriot side is willing to engage in a new negotiation process on the substance as soon as it is clear through shuttle diplomacy that sufficient common ground has been established on the main issues to make direct negotiations meaningful.

10. The Greek Cypriot side holds the view that implementation of the confidence-building measures without finding a common basis of the main issues will not contribute to the solution, but will perpetuate the status quo.

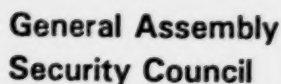
11. The Greek Cypriot side does not accept that the issue of joining the European Union is a matter to be discussed as soon as an agreement is reached on a bi-zonal, bi-communal federal solution. Acceptance by the Turkish Cypriot community to support the application of Cyprus to the already advanced road to become a member of the European Union will have a positive effect on finding a common ground for agreement.

12. The Greek Cypriot side believes that a joint declaration by the leaders of non-aggression will only create the much-desired climate of mutual trust if it is accompanied with a timetable for the withdrawal of the Turkish Forces and a timetable for abolishing the National Guard, the Turkish Cypriot Forces, the handing of their weapons to the United Nations, the stoppage of purchasing arms, United Nations inspection and a substantial increase of the United Nations Peace-keeping Force in Cyprus. Anything short of this will be unconvincing semantics.

13. With regard to the Turkish Cypriot proposal that in order to create trust and to contribute to the political process for a bi-communal and bi-zonal federal solution we should set up a transitional joint body to be chaired by the leaders of the two communities to look into daily matters and to develop and supervise the implementation of joint projects, this could only be done after agreement is reached on the main issues, otherwise it will be counter-productive. It will tend to perpetuate the status quo and to cultivate the mentality that the solution will be in many years to come and that in the meantime the status quo shall continue with the cooperation on some issues by both sides.

14. With regard to the unilateral declaration of the Turkish Cypriot side to improve the living conditions of the Greek Cypriots and the Maronites, we express our appreciation that the Turkish Cypriot side has realized that the living conditions of the Greek Cypriots in the north and the Maronites require betterment. I wish to point out that the third Vienna agreement which Mr. Denktash and I made many years ago provided for normal living conditions and the conditions of living of the enclaved persons were far from being normal. In this respect the confidential report to the United Nations Secretariat by the United Nations officer responsible for observing the situation throws ample light.

15. It is my earnest desire for an early solution to the Cyprus problem based on a bi-communal, bi-zonal federation with one single sovereignty, one citizenship and one international personality and I am anxious that no further time shall be wasted through repetition of endless discussions and arguments, but strongly recommend that the main issues of the Cyprus problem be addressed in a comprehensive manner and in a way that will yield results.



A/49/837
S/1995/74
25 January 1995

ORIGINAL: ENGLISH

SECURITY COUNCIL
Fiftieth year

List of candidates nominated by national groups

Note by the Secretary-General

1. By a communication dated 21 October 1994, addressed to States parties to the Statute of the International Court of Justice, the Secretary-General drew attention to the vacancy in the International Court of Justice caused by the death of Judge Nikolai Konstantinovich Tarasov (Russian Federation) on 28 September 1994. In the same communication, the Secretary-General, in accordance with article 5, paragraph 1 of the Statute of the Court, invited the national groups of States parties to the Statute to undertake the nomination of persons in a position to accept the duties of a member of the Court. The Secretary-General further requested that nominations should be received no later than 10 January 1995. The nominations thus received have appeared in documents A/49/828-S/1995/34 and Add.1.

2. The Secretary-General received the following nominations by national groups after 10 January 1995:

Name and nationality

Vladlen S. Vereshchetin
(Russian Federation)

Nominated by the national group of

Germany
(24 January 1995: date of receipt)
Japan
(23 January 1995: date of receipt)

.....



General Assembly

Distr.
GENERAL

A/49/838
26 January 1995
ENGLISH
ORIGINAL: FRENCH

Forty-ninth session
Agenda item 112

SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS

Letter dated 26 January 1995 from the Secretary-General to the President of the General Assembly

At present, 25 Member States are in arrears under the terms of Article 19 of the Charter, which states as follows:

"A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member."

The minimum payments necessary to reduce the amounts owed by those Member States on their contributions so that they remain below the gross amount owed for the preceding two full years (1993-1994) are the following: 1/

1/ Although the amount of the arrears of South Africa exceeds the amount of contributions due from it for the preceding two full years, the General Assembly, in paragraph 8 of its resolution 48/258 A of 23 June 1994, decided "to consider, as an exceptional measure, that the arrears of South Africa that have accrued to date were due to conditions beyond its control and, accordingly, that the question of applicability of Article 19 of the Charter of the United Nations related to the loss of voting rights in the General Assembly in this respect will not arise".

	United States <u>dollars</u>
Burkina Faso	115 400
Burundi	47 300
Central African Republic	98 900
Chad	195 800
Comoros	115 400
Djibouti	13 400
Dominican Republic	568 000
Equatorial Guinea	252 500
Gambia	114 600
Grenada	84 200
Guatemala	240 200
Guinea-Bissau	198 600
Haiti	115 400
Iraq	615 900
Liberia	302 200
Mali	68 300
Mauritania	53 300
Niger	94 500
Sao Tome and Principe	244 000
Senegal	105 400
Sierra Leone	114 423
Somalia	267 600
Vanuatu	96 300
Yemen	24 500
Yugoslavia	6 945 400

(Signed) Boutros BOUTROS-GHALI
Secretary-General



General Assembly
Security Council

Distr.
GENERAL

A/49/839
S/1995/75
25 January 1995

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-ninth session
Agenda item 112

SECURITY COUNCIL
Fiftieth year

SCALE OF ASSESSMENTS FOR THE APPORTIONMENT
OF THE EXPENSES OF THE UNITED NATIONS

Letter dated 24 January 1995 from the Chargé d'affaires a.i.
of the Permanent Mission of Yugoslavia to the United Nations
addressed to the Secretary-General

Upon instructions of my Government, I have the honour to inform you of the position of the Federal Republic of Yugoslavia concerning the letters dated 5 December 1994 addressed to Your Excellency by the Permanent Representatives of Croatia (A/C.5/49/48), Slovenia (A/C.5/49/46), the former Yugoslav Republic of Macedonia (A/C.5/49/47) and Bosnia and Herzegovina (A/C.5/49/49).

The views contained in the above letters to the effect that the Federal Republic of Yugoslavia is one of the five successor States is untenable from the legal point of view. As is well known, following the secession of the parts of the Yugoslav federation, the Federal Republic of Yugoslavia continued to exist in international relations as a contracted Yugoslav federation, in accordance with the relevant provisions of international law. In the light of this fact, the Federal Republic of Yugoslavia - pending the conclusion of the agreement to regulate the effects of secession from the Yugoslav federation - is the owner of the assets of the Socialist Federal Republic of Yugoslavia in the territories that seceded from the former federation.

Such a state of affairs does not in any way affect the rights of the seceded parts of the federation towards the State assets of the Socialist Federal Republic of Yugoslavia. Those rights have yet to be defined by the agreement which would regulate the consequences of the secession. Accordingly, the request that a portion of the frozen funds of the Socialist Federal Republic of Yugoslavia in foreign banks be unfrozen - in order to meet the obligations of the Yugoslav federation - is fully in compliance with the factual and legal state of affairs.



By maintaining that it has continued the legal personality of the former Socialist Federal Republic of Yugoslavia, the Federal Republic of Yugoslavia has never pertained to be the sole successor of the former federation. Stemming from this, the Federal Republic of Yugoslavia actively participates in the negotiations on the division of assets and liabilities of the former Socialist Federal Republic of Yugoslavia which are taking place within the framework of the Working Group for Succession of the International Conference on the former Yugoslavia.

It is true that some of the funds frozen by the introduction of the sanctions regime against the Federal Republic of Yugoslavia did belong to the Socialist Federal Republic of Yugoslavia and are the subject of negotiations taking place in Geneva. However, it is equally evident that there are frozen funds which clearly solely belong to enterprises, banks and State entities from the Federal Republic of Yugoslavia and it is those funds that have been referred to in our letter to Your Excellency dated 20 October 1994 (A/C.5/49/23), requesting that they be unfrozen so that the Federal Republic of Yugoslavia can meet its obligations towards the United Nations budget.

I should be grateful if you would have the present letter circulated as a document of the General Assembly, under agenda item 112, and of the Security Council.

(Signed) Dragomir DJOKIC
Ambassador
Chargé d'affaires a.i.



General Assembly
Security Council

Distr.
GENERAL

A/49/839/Corr.1
~~S/1995/75/Corr.1~~
3 February 1995

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-ninth session
Agenda item 112
SCALE OF ASSESSMENTS FOR THE APPORTIONMENT
OF THE EXPENSES OF THE UNITED NATIONS

SECURITY COUNCIL
Fiftieth year

Letter dated 24 January 1995 from the Chargé d'affaires a.i.
of the Permanent Mission of Yugoslavia to the United Nations
addressed to the Secretary-General

Corrigendum

The following correction has been requested by the Permanent Mission of
Yugoslavia to the United Nations:

Page 2

Delete the first two paragraphs





General Assembly

Distr.
GENERAL

A/49/840
26 January 1995

ORIGINAL: ENGLISH

Forty-ninth session
Agenda item 44

COMMEMORATION OF THE FIFTIETH ANNIVERSARY OF
THE UNITED NATIONS IN 1995

Letter dated 24 January 1995 from the Permanent Representative of
Finland to the United Nations addressed to the Secretary-General

I have the honour to transmit to you the text of the final document of the International Conference, "Nordic Countries in the United Nations - for Peace and Development", held at Helsinki on 11 and 12 January 1995 (see annex).

The Conference, arranged by the Nordic Council - representing the Parliaments of Denmark, Finland, Iceland, Norway and Sweden and the parliaments of the autonomous regions of the Aaland Islands, Greenland and the Faroe Islands - was the first international event related to the commemoration of the fiftieth anniversary of the United Nations. Secretary-General Boutros Boutros-Ghali attended the Conference, which was opened by the President of Finland, Martti Ahtisaari. Among the participants were several Prime Ministers as well as Foreign and Defence Ministers from the Nordic countries. All speakers of the Nordic Parliaments as well as a great number of parliamentarians also attended.

The main topics dealt with were: global governance, the United Nations Security Council, collective security and crisis management, the economic and social dimension and future Nordic cooperation with the United Nations. The conclusions of the Conference are included in the enclosed declaration.

I should be grateful if the text of the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 44.

(Signed) Wilhelm BREITENSTEIN
Ambassador
Permanent Representative



ANNEX

Final document of the International Conference, "Nordic Countries
in the United Nations - for Peace and Development", held at
Helsinki on 11 and 12 January 1995

The Nordic Council,

Representing the Danish, Finnish, Icelandic, Norwegian, and Swedish
Parliaments and the parliaments of the autonomous regions of the Aaland Islands,
Greenland and the Faroe Islands;

Conscious of the increased interdependence of all States and all peoples
which calls for improved international institutions for world peace and
sustainable human development;

Aware of the central role of the United Nations in world politics, in
particular that of the Security Council, in maintaining peace and security in a
new post-cold war setting;

Noting the linkage between peace and security, on one hand, and political,
economic and social development, including democracy and the rule of law, on the
other;

Emphasizing that global challenges call for global responsibility;

Reminding that all major initiatives should be compatible with sustainable
development, as laid out in resolutions by the 1992 United Nations Conference in
Rio;

Calling, therefore, for the strengthening of the United Nations;

Recommends the following:

1. Global governance

- By virtue of the universal membership of the United Nations and the principle of sovereign equality, the capacity of the United Nations as a forum for the political and moral legitimation of measures affecting the international community should be reinforced.
- The United Nations system should focus on its role and capacity to establish and maintain international regimes, including the formulation, enforcement and supervision of international norms and standards.
- In the spirit of the preamble to the Charter, the United Nations should develop a parliamentary dimension, to express the views of the peoples of the world through the elected representative bodies of the Member States.

/...

- The United Nations should encourage effective participation in its work by non-governmental organizations as agents of the civil society, and should create modalities for a continuous international dialogue with trade and industry as well as trade unions, keeping in mind the parliamentary dimension as an instrument to support and to widen such contacts.

2. The United Nations Security Council

- As a constructive step in strengthening the Security Council, its membership should be enlarged in a balanced manner.
- The possible inclusion of new members of the Security Council should be done in a manner which does not prejudice its capacity for decision-making.
- Reforms of the Security Council should be implemented through dialogue and cooperation.

3. Collective security and crisis management

- Early warning and prevention of conflicts should receive more attention than is given at present.
- The value of subsidiarity in crisis management should be appreciated so that United Nations activities should, whenever feasible, aim to complement and support actions by States of the region, in the spirit of Chapter VIII of the Charter. Similarly, regional cooperation should always aim to support the United Nations in maintaining international peace and security.
- Modalities should be found for adequate and timely financing of crisis management measures and peace-keeping activities.
- As peace and security are closely interlinked with political, economic and social development, including democracy and the realization of human rights world wide, crisis management should consist of an adequate combination of diplomatic, military, legal, economic, environmental and social measures of stabilization.

4. Economic and social dimension

- The international community should see the alleviation of misery and the eradication of extreme poverty as its most urgent task.
- The World Summit for Social Development, on which the Nordic countries place high hopes, must also be seen from a peace and security angle which cannot be isolated from economic, environmental and social factors.
- As the people living in poverty often represent underutilized capacity, poverty is not only a denial of their economic and social

/...

human rights but also a failure to mobilize the full potential of all people.

- Combating unemployment and underemployment and the promotion of productive and freely chosen employment are key means to alleviate poverty and achieve social integration.
- Successful eradication of extreme poverty is conditional upon democracy, accountability and transparency in government.
- The empowerment of women and strengthening of their participation in society should be an element in all initiatives aimed at alleviating social plight, especially hunger, illiteracy, poverty and population growth.
- In increasing development aid, equal attention should be paid to the qualitative as to the quantitative aspects.

5. Future Nordic cooperation within the United Nations

- Nordic consultation and cooperation within international forums, notably the United Nations, has long traditions and will be maintained. The Nordic countries will continue to play an active role within the United Nations. In cooperation with and within the European Union, the Nordic countries will contribute to a strengthening of the United Nations as the world organization embarks on its next 50 years.



General Assembly
Security Council

Distr.
GENERAL

A/49/841
~~S/1995/88~~
28 January 1995
ENGLISH
ORIGINAL: SPANISH

GENERAL ASSEMBLY
Forty-ninth session
Agenda item 74
PROTECTION AND SECURITY OF
SMALL STATES

SECURITY COUNCIL
Fiftieth year

Letter dated 28 January 1995 from the Permanent Representative of
Ecuador to the United Nations addressed to the Secretary-General

I have the honour to transmit to you herewith a copy of the communication dated 27 January 1995 addressed to you by the Minister for Foreign Affairs of Ecuador concerning the conflict situation between Ecuador and Peru.

I should be grateful if you would have this letter and its annex distributed as a document of the General Assembly, under agenda item 74, and of the Security Council.

(Signed) Luis VALENCIA RODRIGUEZ
Permanent Representative



Annex

Letter dated 27 January 1995 from the Minister for Foreign
Affairs of Ecuador addressed to the Secretary-General

I have the honour to refer to the relevant provisions of the Charter of the United Nations and to document A/50/60-S/1995/1, entitled "Supplement to An Agenda for Peace", particularly with regard to preventive diplomacy and peacemaking.

It is public knowledge that since the border incidents of 9 and 11 January initiated by the Peruvian army, the Ecuadorian Government has been urging the Peruvian Government repeatedly, through the diplomatic channel, to halt such acts of provocation, which violate Ecuadorian sovereignty and threaten international peace and the security of my country. Furthermore, at the Summit Conference of the countries members of the Andean Group, held at Santa Cruz, Bolivia, on 20 and 21 January, I had the opportunity to raise this issue with my Peruvian counterpart, who expressed to me his Government's readiness to resolve the crisis.

Today, however, Peru launched military operations against Ecuadorian army positions located in Ecuadorian territory. In exercise of the right of self-defence recognized in Article 51 of the Charter of the United Nations, my country was naturally compelled to respond to Peru's attacks.

In strict compliance with the provisions of the Charter, I should like to request you to inform the Security Council of the aggression against Ecuador and to take whatever steps you consider most appropriate.

I should like to inform you that the Secretary-General of the Organization of American States will visit Quito and Lima tomorrow to discuss the above-mentioned border conflict.

I have also contacted the Governments of the United States of America, Brazil, Chile and Argentina, whose countries are guarantors of the 1942 Protocol of Peace, Friendship and Boundaries, to ask them to send military observers to the border region between Ecuador and Peru.

(Signed) Galo LEORO
Minister for Foreign Affairs

APPENDIX

Memorandum

On 9 January 1995, a four-member Peruvian army patrol was captured to the north of the place known as Cueva de los Tayos on the upper reaches of the Cenepa river, an area which has traditionally been in the possession of Ecuador. According to the procedures agreed between the armies of Ecuador and Peru, the patrol was handed over to its battalion the next day.

On 11 January, another Peruvian patrol, consisting of 10 soldiers, was detected in the same area. When ordered to halt, the patrol opened fire. The attack was repelled by Ecuadorian troops.

On 12 January, the Ecuadorian Government protested vigorously to the Government of Peru at the violation of its national territory and the provocation by Peruvian military forces.

On 16 January, the Ministry of Foreign Affairs of Ecuador expressed its readiness to hold talks with the Lima Government, in a spirit of peaceful coexistence, with a view to agreeing on measures to avoid further military incidents of the kind that had occurred.

On 23 January, the Foreign Minister of Ecuador met with the Minister for Foreign Affairs of Peru at Santa Cruz de la Sierra and drew his attention to the urgent need to find a peaceful solution to the situation. The Foreign Minister of Peru said that his Government was very willing to arrive at a peaceful settlement and that the diplomatic talks taking place in Lima should therefore continue.

On 24 January, the Peruvian air force made incursions into the area of the upper reaches of the Cenepa river.

On 25 January, the President of the Republic called together the Chiefs of Mission of the guarantor countries of the Rio de Janeiro Protocol - Argentina, Brazil, Chile and the United States of America - to tell them about the incidents that had occurred in the Coangos-Cenepa area and to request their countries' support in arriving at a peaceful solution.

The representatives of the guarantor countries, meeting at Brasilia on 25 January, issued a statement in which they urged the parties to pursue their dialogue in order to avoid any aggravation of the tensions in the area. Recalling the progress made in the recent past, the guarantor countries expressed their satisfaction at the publicly stated readiness of Ecuador and Peru to give priority to finding a peaceful solution. They reiterated their offer to take appropriate steps to help reduce the frictions caused by the present situation.

On 26 January, a further clash took place when a Peruvian patrol was located in Ecuadorian territory in the area of the headwaters of the Cenepa river.

/...

On 27 January, the Ecuadorian Foreign Ministry rejected outright an official Peruvian communiqué dated 26 January which sought to accuse Ecuador of committing an act of aggression by bombing, by helicopter, a Peruvian look-out post located in the Coangas-Cenepa area, allegedly in Peruvian territory.

On 27 January, Peruvian forces attacked the Cueva de los Tayos area. They launched further attacks on the Teniente Ortiz, Etza and Soldado Monge posts of the Ecuadorian army, which are located outside the conflict zone. The Teniente Ortiz army post has been there for the past 20 years and the Soldado Monge post is situated at the confluence of the Yaupi and Santiago rivers, to the north-east of Teniente Ortiz.

On 27 January, the guarantor countries issued a further communiqué at Brasilia, in which they reiterated the need for an early cessation of all military or non-military activities which might be interpreted as a threat or provocation. They offered to immediately put together a mission, composed of representatives of each guarantor country, to cooperate with Ecuador and Peru in giving full effect to their repeated offers to assist in resolving the situation.

At around 8 a.m. on 28 January, there were further Peruvian attacks in the Cueva de los Tayos area.

The President of the Republic of Ecuador has said that he will exhaust all peaceful means to find a just, realistic and honourable solution to the territorial problem, acceptable to both countries. To that end, he has been communicating repeatedly with the Government of Peru, through the diplomatic channel, in an attempt to secure a halt to the violations of Ecuadorian territory, which threaten international peace and Ecuador's security. Accordingly, he turned to the guarantor countries when it became clear that Peru was pursuing a policy of constant provocation and threats which was incompatible with the norms of international law. Ecuador has accepted the guarantor countries' proposals for securing a cessation of the attacks and the restoration of peace.

New York, 28 January 1995



General Assembly
Security Council

Distr.
GENERAL

A/49/842
~~S/1995/95~~
31 January 1995

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-ninth session
Agenda items 38, 40 and 79
THE SITUATION IN THE MIDDLE EAST
QUESTION OF PALESTINE
COMPREHENSIVE REVIEW OF THE WHOLE
QUESTION OF PEACE-KEEPING OPERATIONS
IN ALL THEIR ASPECTS

SECURITY COUNCIL
Fiftieth year

Letter dated 31 January 1995 from the Permanent Observer
of Palestine to the United Nations addressed to the
Secretary-General

I have been instructed to bring the following to your attention.

Pursuant to my letter to you dated 9 January 1995, on the illegal Israeli settlements in the occupied Palestinian territory since 1967, including Jerusalem, I would like to refer to the decision announced by the Israeli Cabinet Committee on this subject. After a period of unclear and confusing statements by high-level Israeli officials, the Cabinet Committee decided, on 24 January 1995, to approve the following:

- (a) The building of 1,080 housing units in the Maale Adumim settlement, east of Jerusalem;
- (b) The sale of 797 housing units in Maale Adumim to Israelis;
- (c) The building of 900 housing units in the Bitar settlement, south of Jerusalem;
- (d) The sale of 1,026 housing units in the Bitar settlement to Israelis;
- (e) The building of 340 housing units in Givat Zeev, north of Jerusalem;
- (f) The building of 50 housing units in Jordan valley settlements.

It should be noted that the Israeli decision comes at a time when the implementation of the second stage of the Declaration of Principles of 13 September 1993 (A/48/486-S/26560) has been delayed for six months, including the redeployment of the Israeli forces outside populated areas in the West Bank and the election of the Palestinian Council. This decision clearly further undermines the current peace process and exacerbates the already fragile, tense and dangerous atmosphere in the occupied territory.

It is well known that the Israeli settlements are illegal under the Fourth Geneva Convention of 1949, which is applicable to all the occupied territory since 1967, including Jerusalem. The Security Council has repeatedly reaffirmed this fact in several resolutions. Moreover, settlements are a very serious obstacle to peace, and the continuity of settlement activity violates the letter and spirit of the agreements reached between the Government of Israel and the Palestine Liberation Organization and threatens the integrity of the peace process at this critical stage.

Based on the above, we believe that it is imperative for the Security Council to take quick and concrete action to bring an effective end to all settlement activities by Israel, the occupying Power, in the occupied Palestinian territory, including Jerusalem. Such a step would have a positive impact on the situation on the ground and would be a necessary and important contribution to the smooth progress and success of the peace process.

I would be grateful if you would arrange to have the text of the present letter distributed as a document of the forty-ninth session of the General Assembly, under agenda items 38, 40 and 79, and of the Security Council.

(Signed) Nasser AL-KIDWA
Permanent Observer of Palestine
to the United Nations



General Assembly

Distr.
GENERALA/49/843
2 February 1995

ORIGINAL: ENGLISH

Forty-ninth session
Agenda item 123

FINANCING OF THE UNITED NATIONS OPERATION IN SOMALIA II

Progress of the investigation and action thereon to determine
responsibility for the theft of US\$ 3.9 million in the United
Nations Operation in Somalia IIReport of the Secretary-General

1. The General Assembly, in paragraph 1 of its resolution 49/229 of 23 December 1994, requested the Secretary-General to give a written report to the General Assembly no later than 31 January 1995 on the progress of the investigation undertaken by the Office of Internal Oversight Services and action thereon to determine responsibility for the theft of US\$ 3.9 million and to recover the missing funds, as well as disciplinary measures taken in this regard and controls put in place to avoid the recurrence of similar incidents in future.

I. THE THEFT AND ITS INVESTIGATION

2. The theft was discovered on Sunday morning, 17 April 1994, at the headquarters of the United Nations Operation in Somalia (UNOSOM II), located in the United States Embassy compound at Mogadishu, and was reported to Headquarters in New York on the same day. The stolen \$3.9 million had been kept in the bottom drawer of a reinforced filing cabinet. The three other drawers of the cabinet containing, among other things, other cash amounting to \$299,790, were not disturbed.

3. On 19 April, a Headquarters investigation team, under the direction of the Office of Internal Oversight Services, was dispatched to UNOSOM II with instructions to take charge of the investigation at the site, with a view to recovering the stolen money and identifying the perpetrators and those whose acts, inaction or negligence had contributed to the exposure of the money to the theft, and to institute immediate measures to safeguard UNOSOM's cash. The team



was in Mogadishu from 22 April to 5 May 1994. It submitted its initial report on 12 May 1994.

A. Immediate measures taken

4. In the afternoon of 17 April, the remaining cash in United States dollars was transferred, for security, from the cashier's office in administration building B to another building, known as the Somali shilling office, near the northern edge of the Embassy compound. A regular safe formerly used in the Registry was moved there to store the cash. The safe was placed in a large cage made of iron rods in a room devoted only to cash storage. The cashiering operation was likewise transferred.

5. A security survey of the new cashier's office was made and submitted to the Acting Special Representative of the Secretary-General for immediate implementation of the physical improvements recommended therein, as well as the installation of alarm systems and the 24-hour posting of armed guards to thwart a hold-up or a break-in.

6. On 17 April, with a view to recovering the stolen money, 30 security staff and 50 soldiers searched the areas surrounding the administration building complex where the cashier's office was located and from which the \$3.9 million was stolen. They also made a sweep of the wide area of open ground beyond the concrete fence behind the building. From that day until 22 April, security staff and soldiers searched all personal baggage and vehicles leaving the Embassy compound and the personal baggage and checked-in luggage of passengers leaving Mogadishu airport. Those searches were reinstituted on 29 April.

7. For several days they also searched all the offices and the living quarters in the Embassy compound. At a later date, a team consisting of civilian police, security staff and military police again searched the administration building complex and everything in it and also the living quarters of the staff members who had just been moved to the Embassy compound from the southern compound near Mogadishu airport. This time they also looked beneath the floor of the administration building complex and inside all the desks, lockers, cabinets and containers. The Scotland Yard detectives, who arrived at Mogadishu on 18 May, also searched the administration building complex, including the inside of the wall panelling and ceiling.

8. The searches did not yield the stolen money. By the time the vehicle searches were started on 17 April, some vehicles, including a waste disposal truck, were reported to have left the Embassy compound. The morning flight out of Mogadishu had departed without being screened. The compound's expanse of 34 hectares has many hiding-places, such as several hundred unused military vehicles parked together, nooks and crannies of many buildings, and numerous steel shipping containers that were constantly moved in and out of the compound. Moreover, the security of the compound was easily breached. Local people without visible grounds passes were moving about at all hours of the night, and grounds passes were found to have been faked on numerous occasions. There were crumbled portions in the perimeter walls at the back of the compound, abutting local houses. These and other sections of the walls were not lighted at night

and were not visible to sentries in guard towers or at the gates. None of the civilian administration buildings and living quarters was guarded and there were no foot patrols; motorized patrols at periodic intervals could easily be anticipated and avoided by anyone who wished to do so.

9. On 17 April, security staff and the military police examined the cashier's office, including the reinforced filing cabinet from which the cash was stolen, for clues to the identity of the perpetrator(s). The security staff took several Polaroid pictures of the office and of the general appearance of the filing cabinet, but no clue was found or developed. Neither the security staff nor the military police had the equipment or forensic expertise for examining and preserving the crime scene and for identifying and lifting fingerprints and other clues. The civilian police also examined the crime scene on 20 April, the day they were assigned to the case by the Acting Special Representative of the Secretary-General. With the use of a fingerprinting kit borrowed by the Headquarters investigation team from the United Nations Office at Nairobi, the civilian police obtained five fingerprints from the cabinet and one from one of the plastic water bottles on the floor which were believed to have been removed from boxes and handled by the thieves in the course of the crime. As no equipment was available, no impression was recorded or measured of the tool marks left by the thieves on the cabinet.

10. For several days, starting on 17 April, the security investigators and the military police, separately, interviewed the chief cashier, the assistant cashiers, the two staff members who acted consecutively as chief finance officer just before the theft and at the time of theft, and other persons who might be able to provide information useful to the investigation. The Headquarters investigation team and the civilian police continued the interviews and extended them to the Director of Administration, the various chiefs of section and other persons. On its return to New York, the Headquarters team interviewed the former Chief Finance Officer of UNOSOM, who had served there from July 1993 to 26 March 1994, a few days before the theft.

11. To elicit information from as many persons as possible, including Somalis who came into the compound as day workers or only on occasion to transact business, the civilian police distributed widely a one-page questionnaire, in English and Somali, encouraging everyone to fill it out and return it to their office. A number of the completed questionnaires provided some leads in the interviews subsequently conducted. The civilian police also posted notices in English and Somali in the daily news bulletin and at all buildings and facilities in the Embassy compound, inviting anyone who might have information about the theft to transmit it confidentially to them, by means of a dedicated telephone number. No calls came in. The assistance of the military was also sought to tap their intelligence network for information about the identity of the thieves and conspirators. The various pieces of information received were either too vague to be useful or were of such a nature as to be impossible to verify.

B. Findings of the investigation

1. Too much cash allowed to accumulate

12. From the start, UNOSOM had been disbursing cash for the payment of local salaries, military contingent allowances, rental of residences, local payments to vendors, and partial payments of mission subsistence allowance to international staff. Since late 1993 cash disbursements had averaged about \$10 million per month.

13. Prior to the second half of March 1994 most of the physical cash received would be disbursed each week within 24 hours of its receipt at UNOSOM. The pattern was for \$1.5 million to \$3 million to be delivered each Tuesday. By Tuesday or Wednesday night the remaining cash on hand was usually reduced to \$100,000 to \$150,000, and this cash was made to last until the following Tuesday. By the middle of March this pattern began to change, and cash started to build up.

14. The build-up in dollars occurred for several reasons. To some degree it was the result of a decision, made in late February 1994, to begin to pay selected vendors, who had previously received 100 per cent of their payments in cash, by cheque, or 50 per cent in cash and 50 per cent by cheque. The average amount of cash remittances requested from Headquarters had also increased moderately from the beginning of 1994 because of UNOSOM's shortness of funds on several occasions in January.

15. The weekly cash amounts required for the full month of March 1994 were requested by UNOSOM on 21 February. They were at a level which more or less matched the actual needs until the middle of March, but which was too high thereafter. The amount requested was not amended in the second half of March when it became clear that cash was building up. The Chief Finance Officer of the mission (P-5 level), whose contract was not renewed, left Somalia on 26 March.

16. On 30 March the unofficial officer-in-charge of the Finance Section (P-2), who also had to continue to perform his primary functions as Chief of the Vendors' Payment Unit, requested a continuation of the cash remittances for the first three weeks of April at the same level as they had been in March. He made his calculation assuming relatively high cash expenditures and that it was necessary to keep about \$1 million in cash in reserve for contingencies.

17. Starting in the middle of March the mission also received unanticipated cash deposits directly in Somalia, totalling about \$1 million. Most of this came from one or two departing contingents which had accumulated extra cash, and the balance from the normal port tax collections, commissary sales proceeds and the like.

18. As a result of these several factors, the total amounts of cash on hand at the end of each day after the middle of March ranged from \$1 million to \$2 million right before the weekly cash deliveries to \$3 million to \$5 million after the deliveries. On Tuesday, 12 April 1994, a delivery of \$3 million was made, and at the end of that day there was \$4.8 million on hand. Four days

/...

later, on Saturday night, 16 April, the cash-on-hand total was down to \$4.2 million, \$3.9 million of which was stolen.

2. General security conditions at the Embassy compound

19. All of the officials with whom the Headquarters investigation team met agreed that the security of the compound was porous. Although there were guard posts at all gates and entry into the compound was limited to those who either held a regular pass or were given temporary passes, bogus passes, which were indistinguishable from the genuine ones, could easily be bought at the Bakara market of the city. There were no comparison checks made of the number of people that came in during the day and the number that left at the end of the day. The Headquarters investigation team observed local people who stayed in the compound during the night and who were not challenged by the authorities to explain their presence.

20. There were periodic vehicle patrols, more at night than during the day, but they stayed on the roads. They did not stop at any point in their night-time rounds to inspect the areas surrounding office buildings or dwelling units, nor did they go into office buildings to check if doors were locked and secure. Before the 15-man Norwegian military contingent left in the last week of March 1994, its members carried out vehicle patrols inside the compound and, accompanied by bomb-detecting and attack dogs, they would leave their vehicles and do foot patrols from time to time.

21. The Camp Commandant said that it was not the task of his current military patrols to do this, and that in any case he did not have enough troops for the job.

22. The Chief Security Coordinator said that he did not have enough staff to provide building security. At the time of the robbery, the Security Coordinator had 57 security staff doing bodyguard, convoy, access control and transport duties. Two of them were doing investigations full time, mostly of theft cases. In addition, he had 300 local Somalis doing guard duties at the residences of staff in the southern compound near the airport, 60 assisting in performing transport duties and 73 doing convoy duties.

23. The Provost Marshal said that his military police were too few to perform security duties for the buildings and offices in addition to their primary function of enforcing military regulations.

24. Therefore, because of the dimensions of the Embassy compound (about 34 hectares) and the very large number of personnel, including locals employed by contractors, moving around the compound, and owing to the ability of the Somalis to prepare fake passes, the security of the compound was far from perfect.

3. Security conditions in the administration complex

25. After the departure of the Norwegian contingent in March 1994, no security service ever went into the administration buildings, as a matter of procedure, to check whether the offices were secure or had their doors locked.

26. The administration building complex was situated about 100 feet from the sentry post of gate 2, but the sentries were not concerned with who went in or out of the complex at whatever time of the night. A number of international staff members stayed in their offices, working very late or overnight. Some local staff also stayed overnight in the offices, unsupervised and without the prior approval of their supervisors. Several employees of the contracting, consulting and engineering firm also stayed very late in their office, watching television or videotaped movies, playing electronic games and generally enjoying themselves. They considered it much better than staying in their tiny cabin with no amenities. This situation prevailed particularly in the building that housed the cashier's office, which also housed the offices of the Director of Administration, the Chief of Technical Services, the Finance Section, the contracting, consulting and engineering firm and the civilian air operations.

4. Security of the cashier's office

27. The building where the cashier's office was located when the theft took place was a prefabricated building which could not provide adequate security for a large amount of cash. No alarm system had been installed in the cash room.

28. The reinforced filing cabinet in which the cash was kept could provide only minimal security even if it was used properly. The topmost of its four drawers had a combination lock and a plunger-keylock; the three others had keylocks only. The key that secured any of the three lower drawers turned up the tongue of the lock only about 3 millimetres into the slot in the cabinet's frame.

5. Examination of the crime scene

29. The cashier's office where the theft was committed was not preserved in its original state because the UNOSOM Director of Administration did not consider it necessary. UNOSOM security staff, nevertheless, took photographs of some salient features of the crime scene and reported on them, which was helpful to the Headquarters investigation team. Since it was no longer possible for standard procedures for the examination of the crime scene to be applied effectively by either the civilian police or the Headquarters team, the team focused its examination on the filing cabinet, particularly the bottom drawer from which the \$3.9 million was stolen. That, together with the security photographs, yielded certain assumptions regarding possible perpetrators, one of them being that the thief or thieves were insiders or had help from an insider. No more can be said in this regard because the case remains open.

6. Management accountability for the loss of \$3.9 million to theft

30. The Headquarters investigation team found an incredible lack of concern on the part of the UNOSOM administration for security in the handling and safekeeping of the large amount of cash used in the mission.

31. The only exceptions to this were the Chief (P-2) of the Vendors' Payment Unit, who was the unofficial officer-in-charge of the Finance Section from the time the Chief Finance Officer left on 26 March until 9 April 1994, and the Acting Finance Officer (P-4) who took over as unofficial officer-in-charge of the Finance Section on 9 April.

32. The P-2 who had taken on the duties (at P-5 level) of Officer-in-Charge of the Finance Section, in addition to his full responsibilities as Chief of the Vendors' Payment Unit, communicated his concern for the security of the cashier's office and the need to strengthen it at two meetings of section chiefs presided over by the Director of Administration.

33. The newly arrived Acting Finance Officer made several efforts in the days before the theft to improve the security of the cash by trying to find a suitable safe, by asking the Building Management Unit to build an iron-bar cage inside the cashier's office to house the inadequate filing cabinet safe, by trying to secure a burglar alarm, and by trying to arrange with the Security Officer he met incidentally on 16 April for a 24-hour guard for the cashier's office. He was unable to use a suitable safe offered to him in the stockroom of the General Services Section because its combination numbers were missing; it was a second-hand safe sent from Cambodia during the liquidation of the United Nations Transitional Authority in Cambodia. The General Services Section took measurements of the cashier's booth, but did not build the iron-bar cage. The purchase order for the burglar alarm went out only on 16 April; the robbery took place that night. The Security Officer had told the Acting Finance Officer to put his request in writing so that it could be considered officially.

34. The internal audit observation on the audit of the United States Dollar Cashier's Imprest Fund of UNOSOM II, dated 11 December 1993 (audit No. H93/078), was addressed to the Director of Administration of UNOSOM II at Mogadishu. Among other things, it raised the problem of lack of security of the cashier's office, as follows:

"Our inspection of the cashier's office indicated a number of serious deficiencies which, if not corrected immediately, would potentially lead to eventual loss of the Organization's assets, particularly considering the prevailing conditions in this mission area. ... A forced entry into the building [where the cashier's office is located] from any side would be an assured possibility. In addition, its entrance doors are made of wood with ordinary locks. The office has three ordinary glass windows, an easy entry target for thefts. The two air conditioners in the room are not secured by any iron bars; they could easily be pulled out, thereby providing easy access to the room. The safe where the bulk of the bank notes, around \$1.5 million per book, are stored is not strong enough to deter burglary; its lock can easily be destroyed and it can be moved out by four persons.

"In view of the above and considering the potential risks involved, we believe the matter needs management's urgent attention to correct the deficiencies described above. Management should evaluate the cost of fortifying the cashier's office with a steel liner. In addition, there is a need to upgrade the locks, install window guards, buy a stronger safe with adequate space to store bills and install an alarm system connected to the Security and the Finance Sections to detect unauthorized entry into the room. We also believe that, in order to further tighten the security of the office, a special lock with multiple keys should be installed. The keys should be held by at least two officials, namely one by the cashier and one by a security officer with an alternate, none of whom should have independent access to the cashier's office. In this regard, we expect the suggested improvements to the cashier's office to be done before the audit team's departure on 18 December 1993."

35. The response of the UNOSOM Director of Administration, dated 14 December 1993, was:

"We agree that the security of the cashier's office should be strengthened and steps are being taken to do so as soon as required materials are available."

36. At the time of the theft, not one of the security measures recommended by the internal auditors had been installed.

37. In tandem with its assessment of the security conditions of administration building B and the cashier's office located in it and its evaluation of the controls applied to the management, handling and safekeeping of cash, the Headquarters investigation team interviewed and took signed statements of the Director of Administration, his subordinate managers and staff members, including the former Chief Finance Officer, who had left UNOSOM for retirement on 26 March 1994, with a view to determining accountability for the absence of those controls and security measures which allowed the loss of such a large amount of cash. The reasons given by the former Chief Finance Officer why the cash had not been placed in the strongroom of the Somali shilling office immediately after it was completed in January 1994 were: (a) it was more risky there since it was close to the outer wall of the Embassy compound; (b) it was risky to pay out dollars and Somali currency in the same place because those paid in Somali currency were generally unruly; and (c) it was rather far from the administration building and it would be inconvenient for staff to move to and fro between the buildings. The former Chief Finance Officer admitted that he had not instituted or maintained the necessary controls and measures for the safekeeping and handling of UNOSOM's cash. He could not account for the missing set of keys to the filing cabinet used to store the cash in United States dollars.

38. In view of the above findings and taking into account their statements, the Headquarters investigation team concluded that the Director of Administration and the Chief Finance Officer who served from July 1993 to 26 March 1994 were grossly negligent in the performance of their duties, particularly in regard to the institution and maintenance of adequate controls for the management and

security of the large amount of cash used in the operation of UNOSOM II. This gross negligence provided the opportunity for the theft of the cash.

39. The Chief Cashier, who had been in that position for about four months at the time of the theft, was found to be generally inadequate for the job. Although by virtue of his position he must bear some responsibility for the inadequate security of the cash, it is not to the same degree as the Chief Finance Officer, who gave him conflicting instructions, and the Director of Administration.

C. Introduction of corrective measures directed to UNOSOM II

1. Security of the cashier's office

40. A number of additional physical improvements, including a burglar alarm system that could be monitored by the military police posted in the adjacent Provost Marshal's office, were recommended to make the new cashier's office fully secure. A 24-hour guard should also be posted at the cashier's office, both to ensure order during the course of the day and to provide additional protection at night.

2. Minimizing cash holding

41. The fluctuating cash requirements were examined to establish a minimum cash flow requirement for future operation of the mission, with a view to reducing the time of exposure to risk of cash holding. Calculations were made of the daily cash disbursements in the first trimester of 1994, and a detailed analysis of the mission's ongoing cash requirements was prepared, showing the various types of expenditures made and what proportion of them must be in cash. It was recommended that this analysis, with figures updated monthly, should be the basis for future requests for cash remittances from the bank.

3. Improvement of cash management

42. Daily procedures for most aspects of the cashiering function were reviewed in detail, and many of them were changed. The daily cash book was reorganized to provide a more complete record of all relevant information. Daily reconciliation procedures were significantly tightened, and an internal imprest system within the cashier's office itself was established to allow full tracing and accountability for all payment transactions.

43. Further improvements in the reconciliation and management of UNOSOM's current accounts were initiated.

44. Additional safes were placed in the locked strongroom so that each assistant cashier could manage and be responsible for his or her own cash each day. Primary responsibility for large amounts of cash was vested with the acting chief finance officer.

4. Institution of controls on cash handling

45. A policy guideline was written and given to the management of UNOSOM II, outlining the required procedures for ensuring adequate physical security and control of the keys to the cashier's office, the locked strongroom within the office, and the safes inside the strongroom. A list was drawn up showing the primary and back-up holders of each set of keys.

46. The procedures were intended to ensure that no one person acting alone would have unlimited access to large amounts of cash, that full accountability was established for each separate amount of cash maintained, and that there was adequate back-up when personnel authorized to hold those keys were absent for any reason.

47. Prior to the theft UNOSOM had no specific policies or procedures with respect to the control of keys and duplicate keys for the locks to the cashier's office and for the reinforced filing cabinet safe used. The prevailing practices were not thought out and were wholly inadequate in the circumstances.

5. Updating of accounts

48. The shortcomings in the keeping of accounts were looked into. Three accountants came from Headquarters to help UNOSOM bring its accounts up to date.

49. The cashier's records were reviewed in detail back to the time of the last physical cash count by the Internal Audit Division in December 1993. The cash on hand, in both United States dollars and Somali shillings, was counted and verified.

50. To make the present report comprehensive, the recommendations for immediate further action, set out in the initial report submitted by this Office on 12 May 1994, are reproduced below. These recommendations may no longer apply to UNOSOM II, as that Operation is about to close, but most of them remain valid for other peace-keeping missions.

"RECOMMENDATIONS FOR IMMEDIATE FURTHER ACTION

"1. The amounts of cash used must be reduced to a minimum

"(a) The amount of physical cash used by UNOSOM needs to be reduced to the lowest possible level. Cash continues to be needed for payments to local staff, partial payments of mission subsistence allowance to international staff, cash distributions in the zones outside Mogadishu, police force payments, various troop contingent allowances, rental of local vehicles and houses, most vendor payments, and various small project expenses.

"(b) Most of these groups must be paid 100 per cent in cash. However, further efforts are under way and need to be continued to reduce the larger cash payments to major vendors. This will not be an easy or straightforward effort, because in most cases it is very much an imposition

/...

on vendors to receive cheques they can do nothing with in Somalia. Most of them do not have external bank accounts. It is costly and time-consuming to have to make other arrangements, and many of them are loath to do so, particularly when they see smaller vendors necessarily paid in cash. In many cases payment in cash is written into the contracts, and so these will have to be rewritten whenever possible.

"(c) One possibility already implemented to some degree is to inform major vendors that for all new large contracts the full price will be paid only by cheque and that, if cash is absolutely necessary, then a significant discount will be taken by UNOSOM for this privilege. The mission already charges a 1 per cent fee for any cash payments to vendors, and this percentage should be increased in some cases. This will be strongly resisted by virtually all vendors now receiving cash, and procurement personnel will have to be involved from the beginning in order for the contracts to reflect whatever agreements can be reached.

"(d) UNOSOM's cheques are currently written against an account with Chemical Bank in New York. Renewed efforts will be made promptly to see if a United States dollar account can be opened in a financially secure Kenyan bank, because cheques drawn on such a bank in Kenya may be more acceptable than those from a New York bank.

"2. The security procedures currently used for delivering cash must be reassessed

"(e) The current operating and security procedures for transmitting physical cash remittances to Mogadishu need to be reviewed and reassessed in detail. Discussions have begun with Republic Bank about more flexible delivery dates. The times must be modified so that cash is not always delivered on a Tuesday as in the past. A random schedule or procedure must be devised so that it is not predictable when cash deliveries will be received.

"(f) The security arrangements in Nairobi when the cash arrives and is passed to UNOSOM must also be re-analysed in the light of the theft and the resulting general public knowledge that UNOSOM is bringing in large amounts of cash.

"3. Maximum efforts must be exerted to more fully staff the UNOSOM Finance Section with qualified personnel

"(g) One of the most significant factors contributing to the environment at UNOSOM in which such a substantial theft could take place was the far too limited number of experienced and capable financial staff at all levels. The UNOSOM administration, Department of Peace-keeping Operations, and the Department of Administration and Management have repeatedly emphasized the problems caused by the high level of staff vacancies and the difficulties in attracting adequate numbers of qualified personnel for many types of job functions in Somalia. It is a well-known problem with no easy solutions.

"(h) Despite these persistent recruiting problems, renewed efforts must be made to find additional qualified finance staff quickly. With one or two exceptions, the present group of Professionals at the P-1 to P-3 level are very capable, hard-working and responsible. However, at the current moment there is only one higher level finance Professional (P-4) in the entire mission. Moreover, several of the best young Professionals, who have already served in the mission for nine months or more, have reached or are approaching the 'burn-out' stage; at least one is scheduled to leave shortly.

"(i) Ways need to be found to recruit significant numbers of qualified financial staff at all levels on an expedited basis. The difficulties in other areas of the mission make it all the more critical that UNOSOM have both adequate numbers of financial staff and ones with the requisite experience and technical qualifications. It is not even close to being in that position at the present time.

"4. Physical security concerns must be top priority in the design of the new and current cashier's office

"(j) Construction is currently under way on a building in the Embassy compound, formerly occupied by the United States 10th Mountain Division, which is being renovated to serve as the new quarters for the entire finance unit, including the cashier's office. It is important that the plans for the physical layout and security of the cashier's office be reviewed again in the light of the recent experience with the theft. If it has not already been done, a specific security assessment of the future cashier's office quarters should be conducted immediately and any necessary changes made before construction proceeds further.

"(k) It is important that the remaining actions needed to fully secure the current cashier's office are given top priority for full completion.

"5. Detailed written policies on the use and physical security of cash must be developed and approved

"(l) The current financial rules of the United Nations address the use of cash in a very limited fashion and are geared primarily to the establishment and use of petty cash funds. The rules were not designed to handle a situation such as the one in UNOSOM in which very significant cash expenditures must be made on a regular basis and the control of large amounts of physical cash is a major issue.

"(m) A detailed policy on the use, reporting and physical security of significant cash operations needs to be drafted and approved by the Controller as a supplement to the current financial regulations. While UNOSOM is in the most need of such a policy at the moment, it would be relevant as well to an increasing number of other peace-keeping missions.

"6. The use of Somali shillings should be absolutely minimized and procedures for the changing of United States dollars into Somali shillings should be reviewed

"(n) The use of Somali shillings by UNOSOM should be eliminated as much as possible. The Controller or other appropriate authority at Headquarters should formally approve as soon as possible an exception to normal policy, which would authorize payments in United States dollars for all purposes. This unusual recommendation is made for several important reasons:

- (i) Because the exchange rate averages around 4,000 shillings to one United States dollar and because the largest denomination bill is only 1,000 shillings, it takes an enormous number of bills to make any normal payments in Somali currency. The number of bills which must be handled is too large to be workable. Payments can only be made in bundles of bills, which in practice cannot even be reasonably counted. The currency on hand is much too large to be kept in any safe and so must be kept in a strongroom on the floor in large bags.
- (ii) The shilling bills themselves are considered to be potentially dangerous by many, because they are sometimes coated with rat poison to protect the large quantities that often are stored in places where rats can reach them.
- (iii) With no functioning banks in Somalia, UNOSOM has been relying on the services of one business broker to exchange United States dollars into Somali shillings. This individual both supplies the currency and quotes the market rate at which the exchange will be made. This is a totally unsatisfactory arrangement, which should be used only as a last resort.

"(o) There is a permanent need for some small amounts of Somali shillings for use in the zones and for certain miscellaneous payments in Mogadishu. Since March 1994 all local salary payments have been made in dollars, though this procedure has never been formally approved by Headquarters.

"(p) With this elimination of the payroll payments in shillings, the amount of shillings currently needed has been dramatically reduced. As of the beginning of May there was a total of about 600 million shillings kept in the strongroom, the equivalent to about \$150,000. This amount should last several months, if formal approval is granted to make as many payments in dollars as possible.

"(q) Before any more dollars are exchanged into Somali shillings, UNOSOM needs to explore carefully what other options there may be for alternate arrangements, including publishing notice of the acceptance of sealed bids for shillings purchases. The current broker must be warned that he will be held personally responsible if another broker is chosen in the future and that person is physically harmed as a result of his bid.

"7. UNOSOM's financial reports and accounting must be brought up to date and maintained on a current basis

"(r) One contributing factor to UNOSOM's particular difficulty in projecting the mission's future needs for cash is the fact that for a number of months its basic accounting operations have been many months behind and no up-to-date financial reports have been available. With insufficient staff to perform all the necessary functions satisfactorily, higher priorities were given to day-to-day payroll, vendor payments, and cash disbursement functions; accounting was a secondary priority.

"(s) This situation must be remedied. A three-person team from Headquarters arrived in early May to assist in training more staff in the use of the computerized accounting system already available and to help reduce the backlog of transactions needing to be processed. Once caught up in financial reporting, the accounts must be maintained on a current basis and not allowed to fall behind again once the team leaves.

"8. Reform staff attitude

"(t) A programme of imbuing staff members with conscientiousness in the conservation and safeguarding of United Nations assets should be formulated and intensively applied. Casualness in the handling of cash should be especially condemned. Those at the management level have a special obligation to set themselves by their behaviour as role models in this regard.

"9. Specific assignment of responsibility for security

"(u) One organizational unit should be designated as responsible for the security of the civilian buildings and assets. It should see to it that rules and procedures are observed by staff in securing valuable equipment, materials, offices and building access points.

"10. Coordination of security

"(v) Better coordination of security tasks through a clear division of labour should be fostered among the military and civilian services concerned."

D. Investigation by Scotland Yard

51. While the Headquarters investigation team was still in Mogadishu, a request for technical advice and assistance in the investigation was made to the Government of the United Kingdom Government of Great Britain and Northern Ireland through its Permanent Mission to the United Nations. After some initial concern over their powers of jurisdiction and exactly what assistance could be provided, a three-man investigation team headed by a detective superintendent was sent by Scotland Yard to Mogadishu, staying there for two weeks beginning 18 May 1994.

52. The team found the detailed accounts of previous investigations helpful, allowing it to bypass much of the preliminary work and enabling it to take a wider view of the circumstances and to concentrate on the perceived core issues. The team examined the crime scene and the filing cabinet from which the cash was stolen. It collected pertinent documents and evidence, including the cabinet which it took back to the Scotland Yard laboratory for forensic analysis. It interviewed 19 UNOSOM staff members and other witnesses. It made its own search of the administration complex and premises for the stolen money (see para. 7 above).

53. Scotland Yard's report on its investigation, dated 30 September 1994, was received by the Office of Internal Oversight Services through the courtesy of the Permanent Mission of the United Kingdom to the United Nations on 8 November 1994. It concluded:

(a) If the cash had been stored in the Somali shilling office the theft was highly unlikely to have occurred.

(b) No evidence was found to support any suggestion that the theft was committed to cover up any cash deficiency.

(c) The build-up of the cash reserve to just under \$5 million was the result of the revised pay-out system and management oversight.

(d) The refusal by the former Chief Finance Officer to use available security facilities for the cash (indicated in conclusion (a) above) probably prompted and aided the offender(s) to commit the crime. His assessment of the security problems in the daily movement of some of the cash from that location to the cashier's office in the prefabricated building was not justified.

(e) Forensic evidence and witness accounts give strong indication that the theft was committed by or at least with the assistance of an inside agent. There is no direct evidence available to identify the person(s) responsible.

E. Investigation of the theft continues

54. The Office of Internal Oversight Services and Scotland Yard are agreed that, on the basis of their findings, the investigation must continue.

II. ACTION BY THE UNITED NATIONS ADMINISTRATION

A. Protection of assets in peace-keeping missions

55. Although internal and financial controls were already in place for the safeguarding of assets, on 25 April 1994, chiefs of administration in all United Nations peace-keeping missions were requested to take additional possible precautions and necessary measures to safeguard and protect the Organization's assets, especially cash (including traveller's cheques), blank cheques and signed cheques awaiting collection by vendors. Subsequently, on 13 May 1994, the Controller instructed all chiefs of administration to review procedures for

all aspects of cash management to ensure that they are consistent with the United Nations Financial Rules and that physical security of cash is reinforced. Replies received from peace-keeping missions confirmed that appropriate measures have been taken in this regard.

B. Disciplinary and related action

56. On 12 May 1994, the Director of Administration assumed responsibility for the loss suffered by the United Nations and submitted his resignation. He was advised on the same day that, in view of his acceptance of ultimate responsibility and his offer to be available for the continuing investigation, the notice period for resignations was waived and his resignation was accepted by the United Nations, but on the understanding that it would be treated as a summary dismissal. The Director of Administration is now contesting the decision to treat his resignation as a summary dismissal before the United Nations Administrative Tribunal.

57. On 19 May 1994, the former Chief Finance Officer, who had been in UNOSOM II until 26 March 1994, was informed of the Administration's conclusion that he had been grossly negligent in the discharge of his functions, and that the loss suffered by the Organization as a result of the theft was due, in part, to his negligence. In May 1994, the Administration decided to withhold his repatriation grant and his annual leave balance. The staff member has not contested this decision.

58. On 19 May 1994, the Chief Cashier was reprimanded as an expression of the Organization's strong disapproval for his lack of due care in discharging his official responsibilities. He was reassigned to other functions which had no direct responsibility for cash.

59. Additional disciplinary action can be expected if the continuing investigation shows other staff members guilty of negligence or complicity.

C. Implementation of the recommendations made
by the Headquarters investigation team

60. Recommendations 1, 2, 4, 5 and 6 (see para. 50 above) have been fully implemented.

61. Owing to the existing vacancy situation in the staffing of the Finance Section of UNOSOM II, recommendation 3 has not been fully implemented.

62. With regard to recommendation 7, UNOSOM's financial reports and accounting have been updated to 30 November 1994. The four-month assignment to UNOSOM of a Headquarters accounting team was instrumental in reducing backlog and instituting proper accounting procedures.

63. Regarding recommendation 8, the Special Representative of the Secretary-General in Somalia has issued written instructions to the mission

staff to be mindful of the constant need to conserve and safeguard United Nations assets.

64. With regard to recommendations 9 and 10, concrete measures have been taken to secure buildings and other assets by the installation of barriers and posting of armed guards to restrict access to the buildings, residential areas and storage facilities to authorized personnel.



General Assembly
Security Council

Distr.
GENERAL

A/49/844
~~S/1995/101~~
2 February 1995
ENGLISH
ORIGINAL: SPANISH

GENERAL ASSEMBLY
Forty-ninth session
Agenda item 74
PROTECTION AND SECURITY
OF SMALL STATES

SECURITY COUNCIL
Fiftieth year

Letter dated 2 February 1995 from the Permanent
Representative of Ecuador to the United Nations
addressed to the Secretary-General

I have the honour to transmit for your information note No. 62/GM-SOI dated 1 February 1995 (see annex), addressed to you from Ambassador Eduardo Mora Anda, Under-Secretary for International Organizations of the Ministry of Foreign Affairs of Ecuador, in which he reports on the serious incidents which are continuing to occur with respect to the delicate situation that exists on the border between Ecuador and Peru.

I should be grateful if you would have this note and its annex circulated as documents of the General Assembly, under agenda item 74, and of the Security Council.

(Signed) Luis VALENCIA RODRIGUEZ
Permanent Representative



ANNEX

Letter dated 1 February 1995 from the Under-Secretary
for International Organizations of Ecuador addressed
to the Secretary-General

Further to note No. 1040-1 of 29 January 1995 addressed to you from the Minister for Foreign Affairs of Ecuador, I have the honour to transmit this report on the current state of the delicate situation that exists on the border between Ecuador and Peru.

On 30 January, Ecuador accepted the proposal made by the guarantor countries of the Rio de Janeiro Protocol to establish a mission composed of representatives of each of those countries in order to cooperate with Ecuador and Peru in resolving that situation. Ecuador has offered its complete support in order to enable the mission to achieve its objectives speedily. To the same end, Ecuador agreed to attend, together with the representatives of the guarantor countries and Peru, a meeting in Rio de Janeiro on 31 January.

Furthermore, as a reaffirmation of its desire to resort exclusively to peaceful means for the settlement of disputes and to exhaust all possibilities to achieve that objective, Ecuador has requested the convening of the Meeting of Consultation of Ministers of Foreign Affairs of the Organization of American States and that request has been granted.

Lastly, in response to the request addressed to the two parties to the conflict by the Deputy Minister for Foreign Affairs of Brazil, Ecuador accepted an unconditional cessation of hostilities as of 1200 hours local time on 31 January. Peru, however, contrary to the good faith demonstrated by Ecuador, unexpectedly spoke of a "suspension of military operations", which means that Peru was opting for an uncertain halt to such operations with the possibility of resuming at any time its acts of aggression against Ecuador, as it has subsequently done.

Ecuador believes that the cease-fire is a basic element for the negotiation process and sees no reason at all why the cease-fire should not be definitive.

In spite of the foregoing, as of 1000 hours today, 1 February, Peru's armed forces have launched a massive attack against Ecuador's military detachments in Coangos and Condor Mirador, the latter located in a region that until now had been far from the area of conflict. Peru's offensive is being conducted both on the ground and from the air. For the first time in the conflict, Peru has actively used fighter bombers.

The attack by Peru constitutes a flagrant violation of the cease-fire agreed to by the two nations and the four guarantor countries of the Rio de Janeiro Protocol: Argentina, Brazil, Chile and the United States of America. The offensive is being carried out precisely at a time when the Deputy Ministers for Foreign Affairs of Ecuador, Peru and the guarantor countries are meeting in Rio de Janeiro.

The attitude of the Peruvian armed forces demonstrates their intention to violate the most elementary norms of international peaceful coexistence and they are completely ignoring the action taken by the guarantor countries.

The attacks carried out by Peru at a time when an internationally agreed cease-fire is in effect make that nation an aggressor State, whose actions are endangering international peace and security.

(Signed) Eduardo MORA ANDA
Under-Secretary for International
Organizations
